



# **The Federal Employees Health Benefits Program Open Season for 2004**

**November 10th to December  
8th**

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# Features of the FEHB Program

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- **Largest employer sponsored health benefit program in USA**
- **Over 205 commercial health plan options available**
- **26 billion dollars in premiums annually**
- **Provides coverage to about 8.3 million civilian Federal employees, retirees, and their families**



# Features of the FEHB Program

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- **Coverage can be tailored to meet your health needs annually**
- **Annual opportunity (Open Season) to enroll in a health benefits plan or change plan or option**
- **Health plans have group-rated premiums**

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# Features of the FEHB Program

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- **Government contributes up to 75% of the premium**
- **Coverage without medical examination or restrictions because of age, current health or pre-existing medical conditions**
- **Guaranteed protection that can't be canceled by the health plan**
- **Carry coverage into retirement**

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# **Features of The FEHB Program**

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**When Medicare is the primary payer,  
FEHB health plans pay for Medicare  
Parts A&B deductibles and  
coinsurance**

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# Features of the FEHB Program

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- **Coverage for services that Medicare does not cover:**
  - **Prescriptions**
  - **Preventive care**
  - **Emergency care outside the United States**
  - **Extensive behavioral health services**
- **Some plans cover dental or vision**



# Types of Health Plans

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- **Fee-For-Service (FFS) plans reimburse you or your health care provider for covered services**
  - **Coinsurance**
  - **Deductible**
- **See any provider**
- **Typically higher out-of-pocket costs than HMO**



# Types of Health Plans

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- **Health Maintenance Organizations (HMO) provide comprehensive coverage that is prepaid by the premium**
  - **Copayments**
  - **Networks**
- **Must see network providers and obtain referrals**
- **Lower out-of-pocket costs than FFS**



# How FFS and HMOs Differ

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- **FFS**

- **Pay claims**

- **Free to choose providers**

- **Coinsurance and deductibles**

- **HMO**

- **Provide care**

- **Must use network providers**

- **Copayments**

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# **Plans Offering a Point-of-Service (POS) Option:**

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**HMO with POS**

**FFS with POS**

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# Preferred Provider Options

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- **Incorporated into our FFS plans**
- **Lower member cost sharing if you use network providers**
- **Health plans negotiate discounts with network providers**
- **No need for HMO type referrals**



# Consumer Directed

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- **PCA to use for network or non-network services prior to traditional coverage (e.g., \$1000 self/\$2000 family)**
- **Preventive care covered at 100% in-network only**
- **Once the PCA is used, member is responsible for \$600 self/\$1200 family**



# Consumer Directed

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- **After member responsibility is paid traditional coverage begins (network 90%/ non-network 70%)**
- **Offered by one FFS and Two HMO Plans**
- **APWU is nationwide**
- **New for this year: Aetna , Humana available in 12 states**



# What are Deductibles, Coinsurance and Copayments

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## **Deductible:**

- **A fixed amount of covered expenses you must pay before the health plan starts paying**

## **Coinsurance:**

- **A percentage of the plans allowance you must pay for covered services**

## **Copayment:**

- **A fixed amount of money you pay for covered services**



# Premium Conversion

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- **Pay health insurance premiums with pre-tax dollars**
- **Salary is reduced by the amount of your premiums**
- **Reduces base salary for determining most State, Federal, Social Security, and Medicare taxes - saves employees \$\$\$**

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# Premium Conversion

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- **Applies to employees, but not annuitants**
- **IRS tax law requires the benefit be done through salary reductions**
- **Annuitants technically don't get salary, so at this time, they don't qualify**
- **Employees are automatically enrolled unless they waive enrollment during Open Season**



# **Self and Family to Self Only Under Premium Conversion**

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- **Employees cannot change mid-year unless change is consistent with a Qualifying Life Event (QLE)**
- **QLEs are listed on SF2809 and posted on the web (e.g., child reaches age 22, eligible for Medicare)**
- **Annuitants can reduce coverage at any time – do not participate in Premium Conversion**



# Eligible To Enroll

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- **Employees – unless position is excluded from coverage**
- **Annuitants – who retire on immediate annuity and covered for 5 years prior to retirement or from first opportunity**
- **Survivors – if enrolled in Self and Family and eligible for survivor annuity**
- **Former Spouses – if covered within last 18 months and entitled to portion of annuity, can't remarry before age 55**



# Eligible Family Members

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- **Unmarried dependent children under age 22**
  - **adopted child**
  - **recognized natural child**
  - **stepchild or foster child living in a parent child relationship with the employee**
- **children with a mental or physical handicap that began before age 22**

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# **Mental Health and Substance Abuse Parity**

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- **President directed OPM to Offer Mental Health and Substance Abuse Parity**
- **Equalized cost sharing e.g., copays, coinsurance, deductibles**
- **Equalized benefit day and visit limits**
- **Required Parity to be offered in plan networks only**

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# **Mental Health and Substance Abuse Parity Feedback**

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- **Initial concerns expressed over use of managed care to deliver benefits**
- **FFS enrollees were not use to managed networks - some had to change providers**
- **Initial concerns have subsided**
- **FEHB now offers an unprecedented level of Mental Health and Substance Abuse benefits**



# **Patients' Bill of Rights**

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- **President asked OPM to implement consumer protections by year 2000**
- **OPM worked with health plans over two years to implement:**
  - **Greater access to specialists and emergency services**
  - **More information from health plans and providers to make informed health care decisions**



# **Flexible Spending Arrangements**

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- **July 1<sup>st</sup> OPM offers FSAs for health care and dependent care expenses**
- **Allotments from salary are made with pre-tax dollars**
- **Reduces base salary for determining most State, Federal, Social Security, and Medicare taxes - saves employees \$\$\$**



# Health Care Flexible Spending Arrangements

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- **Allotments cannot be less than \$250 or more than \$3,000 per year**
- **Can use money to pay for health care expenses not covered by health insurance**
  - **Copays, coinsurance, deductibles**
  - **Non-covered services e.g., vision and dental**

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# **Employee or Family Member Loses Private Employer Coverage**

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- **You do not have to wait until Open Season to make a change**
- **Can go from:**
  - **Not enrolled to enrolled**
  - **Self-Only to Self and Family**
  - **One plan or option to another**
- **Enroll from 31 days before to 60 days after loss of coverage**



# **OPM Quality Assurance Standards**

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- **Mandatory quality assurance standards for health plans**
- **Health plans required to provide compliance reports annually**
- **Non-complying plans required to present a corrective action plan**
- **Plans are penalized for not meeting standards**



# **OPM Quality Assurance Standards**

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- **Quality Standards include:**
  - **Accuracy of payments and recovery of overpayments**
  - **Timeliness of payments to beneficiaries**
  - **Quality of service and responsiveness to beneficiaries**
  - **Quality of service and responsiveness to OPM**

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# **Disputed Claims Process**

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## **Plan Reconsideration**

- **Enrollee can ask plan to reconsider initial denial**
- **Plans must give written explanation for denial; or ask for additional information within 30 days**
- **Plan then has 30 days to make its decision**



# Disputed Claims Process

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## OPM Appeal

- If plan's decision is unfavorable, or not provided within 30 days, enrollees may request an OPM review
- OPM uses in-house staff and outside medical consultants to review appeals
- OPM has both statutory and contractual authority make the final decision

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# Negotiations for 2004

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- **Two new Consumer Directed health plans offered by Humana and Aetna in 22 states**
- **Added 17 new health plans this year**
- **Added 8 new standard options to existing plans**
- **Added 9 new service areas to existing plans**
- **Check “Guide to Federal Employees Health Benefits Plans” for changes in your area**



# Long-Term Care and FEHB

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- **Long-Term Care (LTC) is custodial in nature and is not covered by your FEHB health plan**
- **Custodial care is help in performing the activities of daily living such as:**
  - **Eating, bathing or getting dressed**

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# Long-Term Care and FEHB

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- **LTC is also care you would need for a cognitive impairment e.g., Alzheimer's**
- **FEHB provides medically skilled care only**

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# Long-Term Care and FEHB

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- **LTC insurance will provide benefits for:**
  - **care in an assisted living facility**
  - **care in your home**
  - **adult day care**
  - **hospice care**



# **2004 Premium Increase Compared to Last Year**

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**2004                      10.6 percent**

**2003                      11.1 percent**



# 2004 FEHB Premium Trends

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- **Overall (weighted) average increase is 10.6%**
  - **Fee-for-Service plans are up 10.7%**
  - **HMOs are up 9.9%**
- **Smaller increase than industry trends**



# Premium Increase Breakdowns

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- Increased drug costs 3.3%
- Use, technology, and medical inflation 8.2%
- Demographics (age/sex) 0.9%
- Benefit Changes -0.6%
- Choice (plan movement) 0.6%

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# Industry Premium Trends

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- **Hay Group health consulting found health premiums rose an average of 15% this year, even after benefit reductions**
- **CalPERS, the second-largest employer purchaser after FEHB, announced increases of up to 18.4%**

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# **Contributors to 2004 FEHB Premium Increase**

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- **Patient demand for access to the latest technology, top hospitals, and more choice**
- **Doctors and hospitals gaining higher reimbursements from health plans**
- **Increasingly older population**
- **Rise in the cost and utilization of pharmaceuticals**

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# **Prescription Drug Cost Controls**

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- **Formulary - list of cost effective drugs (rebates/manufacture discounts)**
- **Three-tiered structure:**
  - **\$5 generic formulary**
  - **\$15 brand formulary**
  - **\$30 non-formulary**

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# **Mail Order Prescription Drug Programs**

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- **If doctor orders more than 30 day supply of medication**
- **Convenience of home delivery**
- **Greater quantity at lessor cost**
  - **\$5 per 30 day supply from retail pharmacy**
  - **Mail order: 31-90 day supply of prescription drugs for \$10**

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# Dental Care

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- **FEHB places a priority on a comprehensive range of medical, surgical, hospital, and pharmacy services**
- **Looking at the possibility of legislative changes to directly contract for services**



# Dental Care

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- **Can use Health Care FSA to pay for non-covered dental services**
- **Some plans offer dental benefits through the FEHB Program**



# Dental Care

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- **Other plans offer stand alone dental programs on their non-FEHB benefit page**
  - **Anyone can join**
  - **Pay premium directly to dental provider**



# **FEHB Suspension For TRICARE or CHAMPVA**

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- **Final regulation effective June 18<sup>th</sup> 2002**
- **FEHB annuitants, survivors, and former spouses can suspend their enrollments for:**
  - **CHAMPVA, TRICARE, or TRICARE-for-Life (Must be over age 65 and have Medicare A and B)**



# **FEHB Suspension For TRICARE**

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- **Can re-enroll in an FEHB health plan at the next Open Season; or right away if CHAMPVA or TRICARE coverage ends involuntarily**
- **Annuitants call 1.888.767.6738 for a suspension form**

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# **Five Year Participation Requirement**

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- **To qualify for FEHB coverage during retirement, an employee must:**
  - **have been enrolled in the FEHB Program for 5-years prior to retirement, or**
  - **for all service in which the employee was eligible for FEHB coverage**
- **TRICARE counts - but employee must be enrolled in FEHB at retirement**



# Plan Terminations

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- **9 Plans terminating at year-end**
- **About 16,843 enrollees need to select new health plans**
- **Represents less than 1% of FEHB enrollees**
- **Plans leave due to mergers, low enrollment, and non-competitive rates**



# Plan Terminations

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- **Cigna HealthCare of California (CA)**
- **AvMed Health Plan of North Florida (FL)**
- **The Wellness Plan (MI)**
- **Healthguard of Lancaster (PA)**
- **Health Net of Pennsylvania (PA)**

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# Plan Terminations

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- **HealthSpring (TN)**
- **PacifiCare of Washington (WA)**
- **Group Health Cooperative of Eau Claire (WA)**
- **Alliance Health Benefit Plan**

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# Plan Terminations

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- **Federal personnel offices have been notified and should be encouraging enrollees to select new plans during Open Season**
- **Plans are required to send letters to enrollees informing them to select new plans during Open Season**
- **Check the 2004 Guide to FEHB Plans to see if your plan is listed**



# Open Season

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- **Open Season - 11/10/03 through 12/8/03**
- **During this period you can:**
  - **enroll**
  - **change plans or options**
  - **change from Self-Only coverage to Self and Family coverage**
  - **change from Self and Family to Self-only coverage**

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# **Employee Express**

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- **The Department of Justice is eligible**
- **You can make changes by touch-tone phone, touch-screen kiosk, or through the Internet**
- **You can change most "discretionary" personnel and payroll transactions, including your:**
  - **Financial allotments**
  - **Savings bonds**

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# **Employee Express**

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- **Health benefits**
- **Thrift Savings Plan (TSP)**
- **Direct deposit**
- **Federal and state tax withholdings**
- **Your home address**
- **Combined Federal Campaign (CFC)**
- **Your Employee Express PIN**



# Employee Express

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- **New! -- You can also get a copy of your Leave and Earnings Statement for the current pay period and two previous pay periods.**
- **You can't change your life insurance on Employee Express**
- **You can reach the Employee Express Help desk by phone at 478-757-3030 or email at [EEXHELP@opm.gov](mailto:EEXHELP@opm.gov).**

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# **When Will Open Season Changes Become Effective?**

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- **Open Season changes are effective on:**
  - **January 1, 2004, for annuitants**
  - **The first day of the first full pay period in January 2004 for most employees**

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# **Can I Make an Enrollment Change During the Year?**

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- **Yes - when you have life-changing event:**
  - **child is born**
  - **attain a foster child or stepchild**
  - **get married**
  - **spouse loses other coverage**
  - **move from an HMO service area**

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# **How Do I Enroll or Change Plans During Open Season?**

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- **Review the 2004 Guide to FEHB Plans - Compare:**
  - **benefits**
  - **costs**
  - **accreditation status**
  - **survey results**
- **Use the Guide to focus your search**

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# **How Do I Enroll or Change Plans During Open Season?**

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- **Review copies of Plan brochures**
- **Choose plans that meet your families health care needs - consider costs**
- **Fill out SF 2809 with your plan selection and submit to your personnel office**
- **Some personnel offices have electronic enrollment e.g., Employee Express**

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# **Factors to Consider When Selecting an FEHB Plan**

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- **Compare the cost and benefits of other plans to your current coverage**
- **Compare your families health needs to plan benefits**
- **Compare dental and vision programs**
- **Consider quality indicators**
- **Check the location of providers and facilities for accessibility**

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# **Factors to Consider When Selecting an FEHB Plan**

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- **Cost of office visits**
- **Prescription drug benefits**
- **Cost for emergency and urgent care services**
- **Compare mental conditions and substance abuse benefits**
- **Consider your travel habits**

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# **Comparing Benefits, Costs, and Quality**

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- **Information on our web site is produced by OPM**
- **Results from benefit and rate negotiations with health plans**
- **CAHPS - Customer satisfaction survey results**
- **Reviews by private accrediting organizations - NCQA, JCAHO, URAC**



# **Open Season Website**

## **[www.opm.gov/insure](http://www.opm.gov/insure)**

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- **FEHB Program information**
- **Plan Comparisons:**
  - **State-by-state Plan listings**
  - **Benefits, rates, and quality information on Plans**
- **Download Guides and Plan brochures**

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# **Open Season Website**

**[www.opm.gov/insure](http://www.opm.gov/insure)**

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- **Links to websites for health plans, quality organizations, and other insurance sites**
- **Instructions on how to enroll**
- **SF 2809 - “Fillable”**
- **Link to Employee Express**
- **Brochure change pages**

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# **Open Season Website**

## **[www.opm.gov/insure](http://www.opm.gov/insure)**

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- **NCQA Health Plan Report Card**
- **Information on FEHB and Medicare Parts A and B**
  - **Medicare Q&As**
  - **Coordination of Medicare and FEHB benefits**



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